

AGENDA ITEM 4

DATE: NOVEMBER 5, 2014

TO: THE LOS ANGELES GRAND AVENUE AUTHORITY

FROM: THOMAS WEBBER, GOLDFARB & LIPMAN LLP
LEGAL COUNSEL TO CRA/LA, A DESIGNATED LOCAL AUTHORITY

SUBJECT: GRAND AVENUE PROJECT – RECIPROCAL EASEMENT AGREEMENT FOR THE PUBLIC PLAZA IN THE BUNKER HILL REDEVELOPMENT PROJECT AREA.

IT IS RECOMMENDED THAT THE AUTHORITY:

- 5a. Approve and authorize the Chair, or her designee, to execute a reciprocal easement agreement for the Public Plaza abutting the Broad Museum and The Emerson residential development.
- 5b. Authorize the County Chief Executive Officer as Authority staff to execute conforming documents and take other actions as necessary consistent with implementation of these approvals.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTION

Background

The Grand Avenue Authority (Authority) was created in September 2003 through a Joint Powers Agreement, between the County of Los Angeles (County) and the former Community Redevelopment Agency for the City of Los Angeles (CRA), now the CRA/LA, a Designated Local Authority (successor to the Community Redevelopment Agency of the City of Los Angeles) (CRA/LA) and is a separate legal entity, which selected The Related Companies, L.P. (Developer) as the developer for the Grand Avenue Project in September 2004 after a public process.

In March 2007, August 2010, April 2011, December 2012, and July 2014 the Authority approved various actions relating to the phased development of the Grand Avenue Project. Among those actions was the approval, in form and substance, of the First, Second, Third, and Fourth Amendments to the Disposition and Development Agreement (DDA) (Amended DDA) between the Authority and the Developer, which outlined the terms and conditions for development and lease of the Bunker Hill Properties owned by the County and CRA/LA.

In 2010, the construction and implementation of Grand Park was approved with the completion date of June 2012. In addition, in 2010, the Broad Museum was approved and construction began on the front of the CRA/LA owned Parcel L. In December 2012, a mixed-income rental development, The Emerson, on Parcel M-2 (Phase IIB), also owned in fee by CRA/LA was approved, construction began, and the 271-unit residential development is scheduled for completion in November 2014.

The recommended action will approve a reciprocal easement agreement for the new Public Plaza and facilitate the issuance of a certificate of completion for The Emerson. The agreement has been approved as to form by Authority counsel.

The Second Amendment to the DDA, dated May 31, 2011, requires that the parties enter into a reciprocal easement agreement (Public Plaza REA) to address (1) operation and maintenance of the Public Plaza; (2) provide for permanent rights of access over and across the Public Plaza by the general public and invitees, owners, employees, residents and customers of all improvements on Parcels L and M-2 and (3) include a mechanism to allow up to one hundred percent of the net revenues from the operation of the Public Parking Facility to pay maintenance costs of the Public Plaza.

Further, the Second Amendment provides that the Public Plaza REA must be executed by the Authority, CRA/LA, the Broad Collection, and the developer of the Emerson, prior to the issuance of a certificate of completion for The Emerson. The Broad Collection and the developer have executed the Public Plaza REA, and CRA/LA approved the Public Plaza REA at its meeting on October 2, 2014.

The Public Plaza REA will be recorded and outlines the covenants, conditions and restrictions on the operations and maintenance of the public plaza built by the Broad Collection which include, and is not limited to the grant and use of easements, rules of the public plaza, capital improvements, an operating reserve fund, use of the Public Plaza, and insurance requirements.

The Public Plaza is to be maintained by The Broad Collection, with revenue support provided by the Public Parking Facility. The Broad Collection agreed to construct and maintain the Public Plaza, and the former CRA pledged up to one hundred percent of net revenue from the Public Parking Facility to pay for maintenance of the Public Plaza. In the event the net revenues from the Public Parking Facility are not sufficient to pay the public plaza expenses, the owners of the improvements on Parcel L and Parcel M-2 will be assessed to fund any shortfall. The assessment for the owners of The Emerson is limited to \$100,000 in each fiscal year.

The Public Plaza is approximately 24,000 square feet and includes a restaurant of approximately 5,500 square feet with both indoor and outdoor dining. The Public Plaza

features extensive sustainable landscaping, including a grove of mature olive trees. The Public Plaza creates access for patrons going to Grand Avenue and the surrounding cultural/entertainment venues. The Public Plaza will also be a thoroughfare for patrons of Metro's proposed Regional Connector and a future Hope Street station at the rear of the Museum development.

The Public Plaza is substantially complete and partially open and will be fully open in late Summer 2015, when the Plaza restaurant and Museum are complete and operational.

Environmental Documentation

These recommendations are within the scope of the Grand Avenue Project in the previously certified Final Environmental Impact Report and approved addenda.

In November 2006, acting as the lead agency, the Authority certified the Grand Avenue Project Environmental Impact Report (Final EIR) for the Project, a mixed use development on Parcels Q, W-2, L, M-2, and potentially W-1, along with a revitalized and expanded civic park.

In August 2010, the Authority certified an Addendum to the previously certified Final EIR in connection with the First Amendment to the DDA and a change in the scope of development to permit the Broad Museum improvements on Parcel L (Phase IIA Project).

In April 2011, the Authority approved a Second Amendment to the DDA, which addressed a less dense scope of development on Parcels L and M (Phases IIB and IIC) owned by the CRA/LA and an acceleration of construction of previously approved public improvement to be part of the Parcel L Broad Museum construction schedule. No further environmental review was required for the amended and less dense scope of development as the amended scope was within the scope of the previously certified Final EIR and Addendum.

In December 2012, the Authority approved a Third Amendment to the DDA, which addressed proposed changes in the Scope of Development and proposed financing plan for Phase IIB on Parcel M-2. No further environmental review was required for the recommended actions based on the Grand Avenue Project record because since certification of the Final EIR and Addendum there has been no change to the Project or substantial changes in circumstances or new information that would warrant subsequent environmental analysis.

In July 2014, the Authority approved a Fourth Amendment to the DDA and certified the Second Addendum to the Final EIR which addressed the potential environmental effects, which may be associated with change in project scope of development for Phase I. The Second Addendum to the Final EIR demonstrates that environmental impacts resulting

from the revised scope would not result in any new significant impacts beyond those previously analyzed in the previously certified Addendum and Final EIR and would not result in a substantial increase in the severity of significant impacts previously identified in that EIR. In addition, the analysis demonstrates there will be no substantial changes with respect to the circumstances under which the project will take place and no new information of significance became known that would warrant further environmental analysis.